

*Ref. to 11-4-58 Devel. File*

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CENTRAL INTELLIGENCE AGENCY

4 June 1958

MEMORANDUM FOR: Mr. Allan Evans, State (OIRA)  
Colonel E. T. Seaburn, USA (ACSI)  
Captain W. S. Howell, USN (ONI)  
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Colonel Dale M. Garvey, USA (JIG)  
Chairman, JAEIC  
Chairman, SEC  
Chairman, GMIC

SUBJECT : NIE 11-4-58: MAIN TRENDS IN SOVIET CAPABILITIES  
AND POLICIES 1958-1963

1. The attached terms of reference were agreed on at the meeting of the IAC representatives on 4 June.

2. All agencies are invited to contribute to any section within their competence to do so. It is requested that contributions be received in this office by the close of business on 15 August. IAC target date is 4 November.

3. SEC, JAEIC, and GMIC are requested to contribute on a coordinated basis as appropriate.

*William P. Bundy*

WILLIAM P. BUNDY  
Deputy Assistant Director  
National Estimates

Distribution "B"

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C E N T R A L   I N T E L L I G E N C E   A G E N C Y

4 June 1958

SUBJECT: TERMS OF REFERENCE: NIE 11-4-58: MAIN TRENDS IN SOVIET  
CAPABILITIES AND POLICIES 1958-1963

THE PROBLEM

To review significant developments in the USSR's internal political situation, relations with Bloc states, economic situation, military posture, and foreign policy, and to estimate probable trends through 1963.

SCOPE

In structure and subjects treated this paper is intended to be generally similar to its predecessor, NIE 11-4-57. The same format -- a brief Summary Estimate followed by a multi-chapter Discussion -- will again be employed. As before, supplementary terms of reference covering information ORR requires for the military cost study are annexed.

I. INTERNAL POLITICAL DEVELOPMENTS

A. The Top Leadership. How secure is Khrushchev's position, and how side-ranging his authority? What is the status and trend of

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relationships among the Presidium, the Secretariat, and the Central Committee? Do the present leadership arrangements appear stable enough to withstand serious policy setbacks? What issues are most likely to provoke disagreement? What would be the consequences of Khrushchev's demotion? his death?

B. The Instruments of Power. What are the loyalties and interests of the Party apparatus? Does it appear to be becoming more or less effective? more or less disciplined and responsive to its leadership? To what degree has the apparatus or the rank-and-file manifested the symptoms of discontent evidenced in the population generally?

To what extent does the military represent a grouping bound by common interests distinct from those of the party? How have the Zhukov purge and subsequent measures affected this situation? What are the important points of agreement and possible disagreement between Party leaders and professional officers? What are the prospects for a political role for the military?

To what extent can a managerial group be said to exist or be emerging in the USSR? How has it been affected by the industrial re-organization? What are its political interests and its prospects for furthering them?

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What are the chances that the secret police might again become an important factor in top level politics? that Khrushchev already has control of this potential weapon?

Might any other professional groups (e.g. scientists) become politically significant during the next five years?

C. Attitudes Among the Soviet Population. How do the Soviet peoples regard the present leadership? its policies? What are the opportunities, over the next five years, for the development of an independent public opinion? What are the trends in discontent among students, the cultural intelligentsia, workers, peasants, and national minorities? The political significance of these trends? How will they be affected by government economic or political policies?

What has been the effect upon popular attitudes of increased contact with other countries? of developments elsewhere in the Bloc? the potential future effect?

D. Problems of Internal Policy. To what extent has the regime succeeded in stimulating a positive response and eliciting active co-operation with its post-Stalin policies? What limits has it set, and how has it reacted when these were overstepped?

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To what extent do the policy innovations of recent years appear to represent a coherent and unified outlook rather than a series of ad hoc initiatives? Along what lines is internal policy likely to proceed during the next five years? Are such economic measures as the industrial reorganization and the MTS reform likely to have political consequences? Is public opinion likely to influence policy?

In what respects might internal problems affect policy towards (a) the Bloc nations and (b) the non-Communist world during the next five years?

E. In sum, and considering the economic trends discussed below, what sort of broad evolutionary trend is likely to take place in the USSR over the next five years? What are the longer term implications of this trend? Its implications for Soviet foreign policy?

## II. DEVELOPMENTS IN THE SOVIET ECONOMY 1958-65

In this chapter we plan to devote major attention to an integrated discussion of changes in Soviet economic institutions and concurrent shifts in policies and priorities. These will be described and analyzed in terms of their effects upon economic growth, upon morale, and upon Soviet politics. Much of the work for this analysis will be

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accomplished in an economic-political study of the industrial re-organization which has been undertaken by ORR and IRA with a 1 August deadline. Assuming the new Seven Year Plan (1959-65) is announced in time, we should include at least a preliminary analysis of its prospects (even though this carries us beyond the 5-year time frame). Give major projections for 1965 and 1963.

A. Economic Policy. What are the relative priorities of various economic sectors? How are they likely to develop in the future? How compatible do they appear over the next five-year period?

How successful are Khrushchev's institutional innovations likely to be? What new problems might they create? To what extent do they represent a significant transfer of authority among various levels of the Party and state bureaucracies?

How do these changes relate to concurrent political developments? Do they, taken together, appear to represent a comprehensive and coherent general policy? If so, what are the future tendencies of such a policy? its economic and political implications? What new policy innovations may occur, such as steps toward a market economy?

B. Developments in Industry. Do power and raw material stringencies threaten industrial growth? What are the trends in cost and location of raw materials? What is the record and what are the prospects for the program of industrial development in the East? What are the prospects for industrial investment?

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Judging from plans and official statements, what rate of industrial growth do the Soviet leaders appear to contemplate over the next five years? the next fifteen years?

What will be the impact of military production upon industrial progress?

How are trends in the industrial labor force likely to affect production? Are labor productivity targets likely to be met? How will population trends affect labor supply? Will sufficient labor be available from other occupations to meet industrial demands?

What contributions will innovations in planning and management, increased labor incentives, new technology, reforms in wages, etc., make to industrial growth?

C. Probable Developments in Transportation. Discuss any significant trends, with special reference to:

1. Civil Aviation -- What are the probable trends in Soviet production of new air transports, and potential availabilities for use or sale abroad?

2. Trends in size, composition, and use of Soviet Merchant Marine.

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D. Developments in Agriculture. How successful are the agricultural programs launched since 1953? What are their strong and weak points? In terms of the problems, costs, and results, is Khrushchev's agricultural program a success thus far?

What are the prospects for future agricultural production? for labor transfers from agriculture? for further institutional changes? for greater local authority? If local authority is increased, how is it likely to be used?

E. Developments in Consumption. What are the trends in total and per capita consumption in the period 1953-63? in distribution among population groups? How much pressure is the consumption program exerting upon other economic goals? How does consumption of various important goods and services compare with past and probable future levels? with consumption in other countries, particularly Western European countries? To what extent might inflationary pressures be generated by various Soviet moves?

F. Trends in Defense Expenditures. (to be derived from O/RR cost study -- see supplementary terms of reference)

G. Developments in Foreign Trade. Please supply figures on trends in value of Soviet foreign trade with Eastern Europe, Communist China, the Bloc as a whole, and the developed and under-developed countries of the Free World for 1950-57.



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What is the impact of foreign trade on the domestic economy, in general terms and with respect to important commodities? What are the significant trends in commodity composition of Soviet imports and exports? Are any changes occurring in the Soviet attitude towards foreign trade? What are likely trends in Soviet trade with the developed areas?

Have economic relations with underdeveloped countries continued to expand rapidly? What are Soviet capabilities for future expansion of these activities? What evidence is available regarding the role of economic motivations in this policy?

What are the trends in Soviet economic relations with Eastern Europe? Are the Satellites likely to need substantial Soviet economic assistance over the next five years? Does the USSR seek general coordination of the Satellite economies, full multilateral integration, bilateral integration with the USSR?

What are Soviet economic relations with Communist China? Are they mutually satisfactory, or have conflicts developed? What are they likely to be in the future?

To what extent are Soviet foreign economic programs competitive with each other? with domestic programs?

H. Economic Growth. What are prospects for the growth of GNP and its end-use components? What will be the major factors promoting and inhibiting growth? How will defense expenditures affect total GNP and other end-uses?

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III. DEVELOPMENTS IN SOVIET SCIENCE AND TECHNOLOGY

(This chapter is planned largely as an updating of last year's Chapter III, and of the section on scientific and technical capabilities of military significance in Chapter IV.)

A. Scientific Manpower, Training, and Facilities: update last year's discussion and tables.

B. Capabilities in Major Scientific Fields: update last year's discussion on atomic energy, physical sciences, medical sciences, biological and agricultural sciences, industrial and military technology.

C. Scientific and Technical Capabilities of Military Significance: update last year's discussion on nuclear weapons, guided missiles, CW and BW. Include a brief but separate discussion of Soviet space flight capabilities and programs. Expand the electronics discussion to cover the various important aspects of Soviet military electronics, including electronic countermeasure and other jamming capabilities.

IV. DEVELOPMENTS IN THE SOVIET MILITARY POSTURE

We plan to revamp the format of last year's military chapter, by discussing strategy for the initial phase of general war in conjunction with the other aspects of Soviet military thinking and policy, and by combining last year's separate sections on Soviet strengths and capabilities.

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A. Soviet Estimate of the Military Situation

What is the Soviet view of: the balance of world military strength? the military significance of growing nuclear and delivery capabilities on both sides? the advantages and disadvantages of the USSR's geographic position? Western military policy?

For what military contingencies does the Soviet leadership consider it (a) essential and (b) desirable to prepare? What is their estimate of the likelihood of all-out nuclear war vs. limited wars of various types? What is their view toward large-scale, non-nuclear war directly involving the US and the USSR? In what circumstances do they regard it as most likely that the above contingencies might occur? How confident are they that they can control the situation, maintain the initiative, and prevent war by miscalculation? (much of this may eventually end up in the foreign policy section).

What is the Soviet view regarding the military feasibility and desirability of limited war? To what extent might the Soviets regard a nuclear stalemate as favoring expansion via limited war? Do the Soviets regard small wars as likely to remain limited?

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What is the Soviet view of the probable nature, duration, and outcome of an all-out nuclear war? Include considerations of surprise attack in Soviet thinking.

How do the Soviets believe the military situation will be affected by technological developments on both sides during the period? For example, do they expect the advent of IRBM and ICBM capabilities to work to the advantage of one side or to contribute to mutual deterrence?

How will economic, foreign policy, and propaganda factors influence Soviet military policy during the period? In what direction might Khrushchev be influencing military policy, in the light of his expressed views?

What would be the effect on the Soviet estimate of the military situation, and on Soviet military policy, of certain disarmament measures, including multilateral cessation of nuclear testing and/or production, limited inspection in the Arctic, broader inspection and/or arms reduction in the European area or more generally?

B. Trends in Soviet Military Policy and Force Structure

In the light of the considerations in IV-A above, what general conclusions can be drawn as to broad Soviet military policy?

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- (a) To what extent will the Soviets attempt to have a capability to perform the missions involved in "winning" an all-out nuclear war?
- (b) On the other hand, to what extent do they believe it sufficient to maintain a strong deterrent capability, and how would their military policy differ in this event?
- (c) What will be their general policy toward the maintenance of large capabilities for limited war?

What will be their broad view of the optimum mix of weapon systems to maintain and develop as the period advances? In view of increasing rates of technological change and obsolescence, what will be their probable approach to (a) research and development; and (b) standardization and large-scale production of weapon systems? (Analysis should be in general terms; detailed consideration of specific weapons should be reserved for section IV-D below.)

What shifts are likely to occur in the balance among Soviet military force components during the period?

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- (a) What is the present administrative and command structure of the Soviet military establishment and security forces? What modifications, if any, are likely?
- (b) What is the mid-1958 strength of Soviet military and security forces, in manpower and major units? In what manner and degree has the USSR accomplished the force reductions it has claimed? Are further reductions likely?

What is general Soviet policy toward Satellite and Chinese Communist military establishments? What assets and liabilities does the USSR derive from these forces? What trends are likely, particularly with regard to providing nuclear and missile capabilities to other Bloc states?

C. Soviet Strategic Concepts

What strategic concepts would the USSR probably follow in the conduct of local war? Discuss such factors as: desirability of overt or covert Soviet participation; desirability of use or non-use of nuclear weapons; limitations on objectives; measures to avoid general war by miscalculation.

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What strategy would the USSR probably follow in the event of general war? Estimate probable Soviet planning (including timing and objectives in the initial phase of a general war) for: strategic attack; air defense; campaigns in Europe, the Middle East and the Far East; naval campaigns.

D. Soviet Military Strengths and Capabilities

Long Range striking forces. What are the mid-1958 strength and composition of Soviet Long Range Aviation? Its facilities, equipment, training, proficiency, etc.? What other forces, including submarine-launched and ground-launched missiles, are available to the USSR to contribute to its current long range capability? Estimate the likely trends in strength, composition, equipment, deployment, etc. of above forces through the period. What are present Soviet readiness and capabilities for long range attack on nuclear retaliatory and other important targets in North America and on the Eurasian periphery. How are these capabilities likely to develop in the future?

Air defense forces. Give mid-1958 strength, composition, equipment, etc., including fighters, AAA, missiles, and control and warning. Discuss relationship of PVO to other forces contributing to air defense, and (briefly) the contribution made by non-Soviet forces. Briefly describe Soviet passive defense

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programs, especially civil defense. What trends are likely during the period? What are present Soviet air defense capabilities and how will they develop?

Ground and tactical air forces. Give mid-1958 strengths, composition, etc. Where appropriate, discuss important developments in key components, such as line division, bomber regiments, the Group of Soviet Forces Germany, and the airborne forces. How are these forces likely to develop during the period with introduction of new weapons and equipment, including guided missiles? What are Soviet capabilities for campaigns in Europe, the Middle East, and the Far East, taking into account appropriate logistical factors and airlift and waterlift capabilities? Likely future development of these capabilities?

Naval forces. Discuss mid-1958 strengths, composition, etc., (cross-referencing, where appropriate, to previous sections, e.g. air defense). What are the current and probable future trends in naval construction and re-fitting programs, especially submarine programs? What are current and probable future Soviet capabilities for naval warfare, including interdiction of Western supply lines, attack on carrier task forces, etc.?



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- C. Update the tables of Military Strengths in NIE 11-4-57. Totals should be rounded off. Add tables on (a) estimated performance of current and future Soviet fighter types, and (b) estimated performance of Soviet submarine types.

V. SOVIET RELATIONS WITH OTHER COMMUNIST STATES

A. Basic Soviet Policy toward European Satellites

1. Briefly describe in terms of both methods and key objectives, including economic. Emphasize any major shifts in policy since NIE 12-58. Does the current emphasis on Bloc unity and conformity indicate a real change in post-Stalin policies? Summarize the position of the USSR vis-a-vis the Bloc as a whole. Has there been (or is there likely to be) a trend toward greater participation in Bloc affairs by non-Soviet members -- in effect, a lessening of Moscow's primacy? Can a distinction be made between current Soviet "leadership" and past Soviet "control?"

2. Discuss the likely pattern of Soviet relations with the Satellites over the next few years, assuming relative stability in the area. What are the major problems confronting the USSR in the Satellites? Will the Soviet and Satellite regimes be able

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to eliminate "revisionist" influences, party factionalism, etc. over the next few years? Are the Soviet leaders as "edgy" about the Satellites as they sometimes appear to be? (Include some discussion of Soviet policy toward those Satellites which pose particular problems -- e.g. Poland, East Germany.)

3. How would the Soviets react to: (a) a Polish-type coup in another Satellite; (b) another Satellite revolt?

4. Over the longer run, are the Soviet leaders apt to seek a more viable empire through controlled "relaxation" or a more "reliable" one through tougher policies? In other words what sort of Bloc do the Soviet leaders ultimately envisage -- a tightly-controlled net of subordinate states, a Soviet-dominated "Commonwealth" (to which the Satellite Parties give full -- but voluntary -- allegiance), etc.? Assuming that this can be answered, what effect are such long-range goals apt to have on day-to-day Soviet policy?

5. What are the major effects of Satellite problems on Soviet policy toward non-Bloc countries? To what extent is the USSR's Satellite policy inhibited by its world policies?

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- B. Soviet-Yugoslav Relations - Discuss Soviet policy and likely trends. Include consideration of the effect on the Satellites.
- C. Developments in Sino-Soviet Relations: Has there been any lessening or strengthening of the community of interests binding the USSR and Communist China during the past year? What is the probable Soviet attitude toward military (including advanced weapons) and economic aid to Communist China? To what extent can Communist China be said to share Bloc leadership with the USSR? To what extent does it influence on Soviet policy toward the Satellites?

VI. TRENDS IN SOVIET FOREIGN POLICY

A. Soviet Estimate of the Situation

What is the Soviet view of the Bloc's position and prospects -- political, economic, military -- relative to the West's? Do the Soviet leaders regard the Bloc as having in the past year gained ground or lost it to the Western alliance in terms of internal political stability, economic viability, military capability, international influence?

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What prospects do they see for future relative gains and losses, both during the period of this estimate and over the longer term -- the next fifteen years?

What problems do they find Western leaders facing? What courses of action do they expect Western policy-makers to adopt to hold their alliances together, to alleviate their economic strains, to maintain their military posture, to contain nationalist disaffection, to check further Communist advance?

In the light of these estimates, what general attitudes is the USSR likely to adopt with respect to risking general war, involvement in limited war, economic competition in underdeveloped areas, relaxation or increase of tensions, negotiations on disarmament and other issues?

What particular areas are likely to be the main areas of competition with the West, and what forms is that competition likely to take? Is there likely to be any significant change in Soviet policy toward Europe, in particular on the German problem? What are likely to be Soviet objectives in the Middle East? What significant initiatives, if any, is the USSR likely to undertake in other areas?

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Discuss the current Soviet attitude toward the foreign Communist parties and key front organizations. What changes, if any, in Soviet policy have recurred? To what extent and in what ways is the USSR relying on them in pursuit of its current politico-economic strategy abroad?

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N.B. Also submit contributions for a post-mortem, and for a validity study on NIE 11-4-57.

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**ANNEX**

**SUPPLEMENTARY TERMS OF REFERENCE FOR THE STUDY OF SOVIET MILITARY  
EXPENDITURES**

**PROBLEM**

The problem is to overcome the deficiencies cited in the Post Mortem of NIE 11-4-57, in essence, by improving the reliability of the estimate of Soviet military expenditures.

**GUIDE FOR CONTRIBUTIONS**

The contributions should be based on materials from all sources, be fully sourced, include methodological explanation, and include estimates of error wherever feasible. Contributions should cover in detail the period 1955-63.\* In addition, any revisions of the estimates contributed for NIE 11-4-57 for the period 1947-54 should be included. It may be necessary to request supplementary contributions as a result of new information and/or review. Items 1 through 4 below cover material requested of the military services; items 5 through 8 will be handled by ORR.

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\* In so far as possible tentative figures for two-three years farther forward are requested to permit incorporation of the preliminary effects of later programs.

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1. Physical production, by year and model, of major items of military equipment -- i.e., aircraft, naval vessels, ACVs, radar, weapons and ammunition (excluding small arms from the last two categories). An illustrative specimen program for missile production, in the light of NIE 11-5-58 should be provided for this sole purpose.
2. Order of battle, by year, including the number of each type of unit and its complement of major equipment. (In the case of naval forces indicate the number of each class of vessel.)
3. Actual personnel strength, by service, by type of unit. Total strengths, for services and for units, should be broken down into officers, NCOs, and other ranks, differentiating between re-enlistees and conscriptees where appropriate. Naval manpower estimates should show those forces assigned to Coastal Defense, the Naval Infantry, the General Services, and to training. Ships complements should be indicated for all classes of vessels.
4. Changes in tables of organization and tables of equipment are requested for the years 1957-58 only, by service and by type of unit.
5. Additional information on the prices the Soviet military establishment pays for goods and services. Besides specific prices paid for given items of procurement, further determination of price movements and price formation -- with regard to the Soviet Ministry of Defense -- should be made.

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6. Delineation of the announced Soviet military allocation as to the military activities financed under it. This effort should include: documented definition of the explicit military allocation; improved reliability of the estimates subsumed under the allocation.

7. More specific measures of the impacts of Soviet military programs on their economy. Apportionment of the output of certain industrial sectors between the Soviet military establishment and other consumers should be derived.

8. Further refinement of the dollar comparisons of US and Soviet expenditures with emphasis on the comparability of specific categories.